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European Employment Policy Observatory

EEPO Review

Stimulating Job Demand: The Design of Effective Hiring Subsidies in Europe

DENMARK

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1. Introduction: hiring subsidies as an active policy to stimulating job demand

Hiring subsidies have a long tradition as important elements in Danish labour market policy. Thus in 1979, as a response to rising long-term unemployment following the first oil-crisis, a large-scale subsidy-scheme (the so called job-offer-scheme) was created. This provided wage subsidies to public or private employers to employ people who were both long-term unemployed and at risk of losing their benefits for a period of 7 to 9 months. Under the rules at the time, these people were then able to claim unemployment benefits for another period.

As part of a major labour market reform in 1993, it was stipulated that people employed using a hiring subsidy would no longer qualify to regain the right to claim benefits. Aside from that, hiring subsidies for the employment of long-term unemployed by public and private employers still exist today as important programmes of active labour market policy. Their main aim is to allow the unemployed to get on-the-job-training and overcome the hiring barriers usually faced by individuals who have been out of work for a longer period. If employed by a private employer, a normal wage consistent with collective agreements is paid. In public employment a special wage rate is paid.

Over the years, traditional standard hiring subsidies have been supplemented by a number of other employment subsidies subject to various conditions.

Under one such scheme, unemployed people may be employed as unpaid trainees for a short period of time. During the internship, they can claim their normal benefits and are not paid by the employer, who receives what is equivalent to a full hiring subsidy for this time.

The so-called *flexi-job scheme* is targeted at individuals with permanent employability problems and who are at risk of needing to claim the disability pension. As an alternative, a permanent hiring subsidy is paid to employers for such people, which compensates for the reduced productivity. A related scheme exists for recipients of the disability pension, who qualify for a hiring subsidy for part-time employment. In both schemes the person gets a normal wages for the actual hours worked and the relevant benefit for the rest of the time.

Two other hiring subsidies are linked to programmes with an element of formal education.

The subsidy for *adult apprenticeships* is paid to employers who hire adults, while they study to become skilled workers. The worker receives a wage consistent with collective agreements.

In addition there is a hiring subsidy provided under the *job-rotation scheme*. This subsidy is paid to employers who send their employees to further training or education, while hiring an unemployed substitute for the same number of hours. Both the substitute and the employee receive a normal wage during this period.

Table 1 gives an overview of the number of full-time participants in each of the various schemes. These are explained and assessed in more detail in Section 2 below. The number of participants in counselling and training are included for comparison.

Table 1: Labour market activation measures - number of full-time participants in 2013

	2013		
Number of full-time participants	Insured	Non-insured	Total
Total in activation (excluding flexi-jobs and adult apprenticeships)	23 606	35 085	58 691
Counselling and training	7 495	20 784	28 279
Employed with a standard hiring subsidy	8 552	4 928	13 480
With private employer	2 673	2 306	4 979
With public employer	5 879	2 622	8 501
Internships (unpaid)	4 013	9 336	13 349
With private employer	2 674	6 511	9 185
With public employer	1 340	2 824	4 164
Flexi-jobs	n.a.	n.a.	54 216
Job rotation (number of substitutes)	3 462	.	3 462
With private employer	1 453	.	1 453
With public employer	2 008	.	2 008
Adult apprenticeships from unemployment (estimated)	n.a.	n.a.	2 500

Note: The participants are divided into two categories – insured (members of an unemployment insurance fund) and non-insured (receiving social assistance as unemployed).

Source: Databanks of the National Labour Market Authority (www.jobindsats.dk) and of Statistics Denmark (www.statistikbank.dk)

2. Hiring subsidies today: detailed description

2.1 Employment with a standard hiring subsidy for unemployed

As seen from Table 1, in 2013 a total of 13 480 full-time persons were employed using a standard hiring subsidy, of which the majority (63 %) were insured unemployed. Also most of employment provided was in the public sector. A hiring subsidy for employment in the public sector can be paid from the first day of unemployment, whereas hiring subsidies for employment in the private sector are only payable if the individual has been unemployed for 6 months. The maximum duration of the hiring subsidy is six months for a public sector employer and one year for a private employer. In both cases, those employees employed with a hiring subsidy must not replace any existing employees.

The wage paid to the employed person is set by collective agreements. However for a person employed with a hiring subsidy in the public sector, the total wage may not exceed the amount of the unemployment benefit that would normally be payable. In order to make sure that this amount is not exceeded, the number of actual hours worked is reduced so that the hourly rate paid is the same as the hourly rate set out by the collective agreement.

Employers in the private sector receive a hiring subsidy of EUR 10 (73 DKK) per hour (equal to around

one-third of the average wage for unskilled workers). For public sector employers, the hiring subsidy is EUR 19 (141 DKK) an hour. The higher hiring subsidy in the public sector must be considered in light of the fact that public employers are required to hire a certain number of employees using a hiring subsidy, while the employment of unemployed people with a hiring subsidy is voluntary for the private employers.

Over the years, there have been several evaluations performed on the success of hiring subsidies in the public and the private sectors in improving the prospects of employment for the unemployed. The main conclusion from these evaluations is that the overall effects of hiring subsidies largely depend on whether they are applied to private or public jobs. While there is strong evidence that hiring subsidies for private employers lead to positive employment outcomes for participants, there is also some evidence that employment with a hiring subsidy in the public sector can lead to an increase in the subsequent duration of unemployment. In the literature, there is also evidence that private hiring subsidies lead to a more rapid return to stable ordinary employment, while also increasing the likelihood of a higher salary (Rosholm and Svarer, 2011). The positive outcomes resulting from private hiring subsidies are supported by two recent evaluations (KORA, 2013a; Damvad, 2013).

A study by Christensen and Jacobsen found that that both private and public sector hiring subsidies are associated with locking-in effects. For private subsidised employment these effects are outweighed by the subsequent effects of improved qualifications, but this is not the case for subsidised employment in the public sector (Christensen and Jacobsen, 2009). In a cost-benefit analysis, where the participants were tracked over a 10-year period using administrative registers, it has also been shown that hiring subsidies in the private sector leads to a significant overall economic surplus for society as a whole. Moreover, public employment with a hiring subsidy also yields a significant surplus, but less than private hiring subsidies (Jespersen et al, 2008). In both cases, this is because participants, on average, have higher incomes and receive, on average, less income transfers following the completion of the program.

In addition to the direct employment effects of hiring subsidies there are also secondary effects for instance in the form of crowding out of ordinary employment. However, available evidence does not indicate that private and public hiring subsidies lead to a displacement of regular jobs (KORA, 2013b, Pons et al, 2010).

The reasons for the differences between the results from hiring subsidies in the private and the public sector are not fully clear. One reason could be that private employers have greater flexibility in recruiting qualified participants into ordinary jobs in the same company. Also because a large share of the participants employed in the public sector are there because of the required quota, may explain that why they are not recruited to ordinary jobs, but only fulfil marginal functions at the workplace, before they are replaced by a new unemployed person. Based on this argument, a Government expert committee charged with the task of reforming active labour market policy has proposed to fully harmonize the rules for public and private hiring subsidies and therefore to also abolish the quota system (Ekspertgruppen, 2014:194)

2.2 Unpaid internships

The purpose of this programme is that a short internship will lead to a job or better qualifications for the unemployed. It may also motivate the trainee towards further education for a specific trade or occupation. An internship can last up to 4 weeks for unemployed members of an unemployment insurance fund and up to 13 weeks for social assistance recipients with a lack of work experience or a prior (long) period of unemployment. The employer does not pay wages during the training period. =Instead, the participants receive a benefit from their unemployment fund or the municipality, which is equal to the benefit that they would otherwise be entitled to. The intern will work normal working hours.

As shown in Table1, the number of participants in internships is broadly similar to those employed using a hiring subsidy, when measured in terms of full-time employees. Due to the short duration of the internships the actual number of participants is of course higher. Also more private sector than public sector employers offer internships. The reasons for this are that that no quota system exists for internships in the public sector and, on the other hand, that there are no wage costs for the employer, when hiring an intern.

The effects of unpaid internships are generally less evaluated than the effects of hiring subsidies. However, there are some indications that internships can lead to positive employment outcomes. These positive effects can be partly attributed to the facts that the internships are of relatively short duration. Therefore the retention effects are small and insignificant, and the overall effects for most unemployed people are positive (Rosholm and Svarer, 2011).

2.3 Flexi-jobs

This scheme was introduced in 1998 and targeted at persons with a permanently reduced working capacity. It has the aim of retaining such people in the labour market by paying a hiring subsidy to their employer. Since then a large number of participants have entered the scheme. As seen from Table 1, the number of participants in 2013 amounted to 54 000 persons. When the scheme was introduced, it was expected that the number of people claiming disability pension would be reduced as the weakest citizens now had the opportunity to stay on the labour market through the flexi-jobs scheme. However, this did not happen. As a result, the scheme came under increasing criticism (Arbejdsmarkedsstyrelsen, 2010).

As part of a large reform of both the disability pension and the flexi-job scheme in 2012, the flexi-job scheme was changed in a number of ways:

- i. persons aged less than 40 years old only receive a flexi-job for five years. If the person is older than 40 years, the first flexi-job will be for five years, and can then become permanent.
- ii. the wage paid by the employer will only be based on actual working hours and adjusted for the productivity of the person employed in the flexi-job and not, as before, based on the maximum normal working time. The company will therefore not pay the full salary according to the normal wage schedule, but only a salary reflecting the employee's productivity. The company will therefore no longer receive a direct hiring subsidy. The subsidy is instead paid to the employee on top of the adjusted salary.
- iii. for hours not worked, the person in the flexi-job will in addition receive a benefit from the municipality. The benefit will be based on 98 % of the maximum unemployment benefit equal to about EUR 2 300 (DKK 17 300) per month in 2014. Also, the benefit will be reduced with increases in the wage. At wage levels paid by the employer exceeding EUR 5 400 (DKK 40 200) per month, the subsidy will be fully phased out. The new scheme will therefore imply that the highest benefits are paid to persons with the lowest incomes. Persons waiting to get a flexi-job will receive a special benefit equivalent to 89 % of unemployment benefits which they might receive.
- iv. unemployed persons referred to a flexi-job are subject to a more active regime with respect to contacting the job-centre and engaging in an active job-search.
- v. the new rules will only apply to people, who enter the scheme after 1 January 2013, and to people, who move to another flexi-job after that date.

These elements of the reform must be welcomed from the viewpoint that the scheme provided a very generous subsidy, which in principle topped up the wage paid by the employer to provide a normal full-time income. This resulted in paying the largest subsidy to the earners of the highest incomes. On the other hand, there is a risk that flexi-jobs will become less flexible as the employee's capacity to work changes as the employer now pays for a specific number of actual working hours and therefore may be less willing to allow the employee to reduce the time they work as a result of temporary setbacks in his or her health.

The reform came into effect from 1 January 1 2013 and was estimated to create additional public revenues of EUR (DKK 1 900 000 000) in 2020. Unsurprisingly, criticism has come from NGOs defending the rights of disabled persons, who have claimed that the reform places the burden of some austerity measures on a vulnerable part of the population. The reform has not yet had any discernible effect on the number of participants, which actually increased slightly in 2013 compared to previous years. No evaluations of the reform have yet been published.

2.4 Job-rotation

While the hiring subsidies discussed until now have been solely targeted at employment of a specific target group, the job-rotation scheme is more complex and involves the training of employed persons combined with the temporary employment of a substitute. In the early 1990s, job-rotation schemes were introduced as an important tool of Danish labour market policy and at their high point, covered around 80 000 full-time participants equivalent to 2.7 % of the workforce (Compston & Madsen, 2001). As unemployment levels fell during the 1990s the schemes were gradually rolled back. What remains today is a minor programme with around 3 500 full-time participants. The present scheme has the following characteristics:

- i. for every hour an employee is on training and an unemployed person is employed as a substitute, employers in the private sector receive a hiring subsidy of EUR 26 (DKK 195) per hour for, while public sector employers receive EUR 23 (DKK 173) per hour.
- ii. the substitute must have been unemployed for at least 3 months. The data show that about two thirds of the substitutes had been unemployed for less than 6 months. The average duration of a job rotation cycle is between 15 and 20 weeks.
- iii. during employment, the substitute employee receives a normal wage, but will not qualify to regain the right to benefits, because the employment is subsidised.
- iv. it is a condition that the substitute is employed for at least 10 hours a week for a maximum of one year.
- v. there is both a regular job rotation scheme in place for skilled and unskilled workers as well as a special job rotation scheme for people with low or medium levels of higher education.

There have been no nationwide evaluations of the present version of job-rotation. However, one may assume that the effect can probably be compared with the effects of other hiring subsidies, where existing evidence suggests positive effects for schemes in the private sector and negative effects for schemes in the public sector. This does not take account of the effect of the further education that the present employees receive.

An analysis of the effects of job-rotation in Employment Region of Northern Jutland indicated more than three quarters of the substitutes were in ordinary employment immediately after finishing their job-rotation cycle (COWI, 2012). This is a higher level than that normally observed when evaluating a hiring subsidy. However, the evaluation does not take account of possible differences in the characteristics of the participants.

2.5 Adult apprenticeships

The adult apprenticeship scheme is a hiring subsidy for companies that employ an adult over 25 years of age in order to provide them with suitable vocational education. The aim of the measure is that the unskilled workers, who did not get sufficient education when they were young, can receive a vocational education. The employer pays the salary of the apprentice and receives a subsidy for the first 2 years of the apprenticeship period, which is normally four years. The hiring subsidy amounts to EUR 4 (DKK 30) per hour. A condition of receiving the subsidy is that the training contract must have been concluded with a person over 25 years of age and who does not have a vocational education or has vocational education that has not been used during the last 5 years, or else has been on unemployment benefits or social assistance for more than 9 months (for people over 30) or 6 months in the case of those under 30. It is also a condition that the apprentice during the period that the subsidy is paid receives a salary at least equal to the lowest wage that an unskilled worker in the relevant sector is entitled.

The total number of adult apprenticeships is estimated at around 8 000 in 2011, of which around one-third were previously unemployed. The age distribution is fairly stable over time. Approximately 40 % of apprentices are between 25 and 29 years of age, and about 60 % are 30 years or older. Approximately 60 % are unskilled, while about 40 % are skilled or have a higher education prior to entering the program (Ekspergruppen, 2014:48).

A recent evaluation of the scheme shows that insured unemployed and social assistance recipients who are trained as adult apprentices, have a significantly better chance of finding a job in the first year

after graduation compared to unemployed people who have been in normal adult training courses (Deliotte, 2013). After one year, 70 % of participants are in employment, compared to 58 % in the comparable control group. Positive employment outcomes are particularly significant for former recipients of social assistance. They also apply in the case of unemployed people who already have a vocational education or who are unskilled. The effects are similar across age groups. However, there is a tendency towards more positive employment outcomes for older unemployed people. For the participants who were previously employed the effects are less clear. Finally, there are no indications that the scheme leads to a significant 'crowding-out' of normal apprenticeships.

Adult apprenticeship

Summary

The adult apprenticeship scheme is a hiring subsidy for companies that employ an adult over 25 years of age in order to provide them with suitable vocational education. The aim of the measure is that the unskilled workers, who did not get sufficient education when they were young, can receive a vocational education. The measure has proven to be successful in raising the employment chances of both insured and non-insured unemployed people.

Type of measure

The adult apprenticeship scheme is a combination of a hiring subsidy and vocational education. The employer pays the salary of the apprentice and receives a subsidy for the first 2 years of the apprenticeship period, which is normally four years. The hiring subsidy amounts to EUR 4 (DKK 30) per hour.

Financing source(s) of the

The hiring subsidy is financed from the Government budget.

Duration of the measure

The measure is permanent.-

Description

A condition of receiving the subsidy is that the training contract must have been concluded with a person over 25 years of age and who does not have a vocational education or has vocational education that has not been used during the last 5 years, or else has been on unemployment benefits or social assistance for more than 9 months (for people over 30) or 6 months in the case of those under 30. It is also a condition that the apprentice during the period that the subsidy is paid receives a salary at least equal to the lowest wage that an unskilled worker in the relevant sector is entitled.

Policies that complement the measure

The measure complements the vocational education system.

Evaluation results

A recent evaluation of the scheme shows that insured unemployed and social assistance recipients who are trained as adult apprentices, have a significantly better chance of finding a job in the first year after graduation compared to unemployed people who have been in normal adult training courses (Deloitte, 2013). After one year, 70 % of participants are in employment, compared to 58 % in the comparable control group. Positive employment outcomes are particularly significant for former recipients of social assistance. They also apply in the case of unemployed people who already have a vocational education or who are unskilled. The effects are similar across age groups. However, there is a tendency towards more positive employment outcomes for older unemployed people. For the participants who were previously employed the effects are less clear. Finally, there are no indications that the scheme leads to a significant 'crowding-out' of normal apprenticeships

Lessons from the initiative

The measure has proven to be successful in letting unemployed adults who are also unskilled or skilled (though with obsolete qualifications) upgrade their qualifications, while benefitting from the work experience that they have already acquired. The measure is an example of good practice for life-long learning which allows the workforce to adapt to the changing composition of demand, where is generally an increasing demand for skilled workers. The main bottleneck is that a training contract has to be concluded with an employer in order to implement the measure. There were also fears that the measure would crowd out other apprentices, but this does not seem to have been the case.

3. Conclusion

Hiring subsidies have a long tradition as important policy measures in Danish labour market policy. In 1979, as a response to rising long-term unemployment following the first oil-crisis, a large-scale subsidy-scheme was created, which gave unemployed people who were at risk of exhausting their benefits the right to be employed using a wage-subsidy with either a public or private sector employer. Such hiring subsidies for the employment of unemployed people by public and private sector employers still exist today as important programmes of active labour market policy.

Some hiring subsidies are solely aimed at getting the unemployed into employment, while others have the objective of upgrading of formal skills (job-rotation and subsidies to adult apprenticeships) or the employment of persons with reduced work capacity (flexi-jobs). For most hiring subsidies, the instrument applied is the payment of a wage subsidy to the employers, while other programmes like the flexi-jobs feature a wage subsidy with a more complicated structure.

Most of the schemes have undergone a number of evaluations. This is especially so in the case of standard hiring subsidies paid to private and public sector employers. Here the main finding is that the effects of the hiring subsidies largely depend on whether the employer is drawn from the public or private sector. While there is strong evidence that hiring subsidies for private employers lead to positive employment outcomes for participants, there is also some evidence that employment with a hiring subsidy in the public sector can actually *increase* the duration of subsequent unemployment. In the literature, there is also evidence that private sector hiring subsidies lead to a more rapid return to stable ordinary employment, while also ensuring a higher salary. In addition to the direct employment effects of hiring subsidies there may also be secondary effects for instance in the form of crowding out of ordinary employment. However, available evidence does not indicate that hiring subsidies used in the private and public sector lead to a displacement of regular jobs.

The reasons for the differences in the outcomes delivered by hiring subsidies in the private and the public sectors are not immediately evident. One reason could be that private employers have greater flexibility in recruiting qualified participants into ordinary jobs in the same company. Also the fact that a significant number of the participants employed using hiring subsidies in the public sector are only there due to a quota system may explain that they are not kept on after the end of the subsidy. They only fill marginal functions at the workplace, before they are replaced by a new previously unemployed hire. Proposals have therefore been made to harmonise the rules for private and public sector hiring subsidies.

For the flexi-job scheme and job-rotation there are no recent national evaluations available. On intake alone, the flexi-job scheme seems to have been successful in keeping a significant number of disabled people in work, but the cost to the public budgets are quite high and problems with deadweight loss are possible. However, no recent evidence is available on this. Job-rotation has not been extensively evaluated in its present form. A regional evaluation gives positive indications, but suffers from some methodological problems.

In relation to the adult apprenticeships scheme, a recent evaluation shows that insured unemployed and social assistance recipients, who are trained as adult apprentices, have a significantly better chance of finding a job in the first year after completion compared to unemployed people who have been in normal adult education courses. One year after completion, 70 % of the participants are in employment, compared to 58 % in a comparable control group. The effects are particularly large significant former recipients of social assistance. The positive effects apply to those unemployed people who already have a vocational education or are unskilled.

Based on available evidence, the most successful Danish hiring subsidies programmes are those programmes which support employment of long-term unemployed with private sector employers and the adult apprenticeships scheme. Both cases are examples of good practice. An important lesson to be learned is also that hiring subsidies for employment in the public sector should be focused at ensuring sufficient quality of the on-the-job training provided. Quota-based systems should be avoided as they require public sector employers to take on unemployed people without having any meaningful tasks to offer them.

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Annex 2: Measure Description Tables

Measure Title	Type of measure: hiring subsidy, conversion of temporary contracts, voucher scheme, etc.	Target Group	No. of beneficiaries (2013)	Amount of subsidy and duration of subsidy	Permanent or Temporary measure and dates of implementation	Conditionality imposed on firms	Funding source and total budget (2012)	Describe any measures complementing the initiative (e.g. training, job search assistance etc)	Please indicate if other stakeholders are involved either at the design stage, in the delivery of the measure or in its monitoring	Monitoring arrangements in place	Assessment of the measure: Please give as much detail as possible on the assessment of the measure. Please indicate whether the initiative causes either deadweight, replacement and/or substitution effects. Please be sure to indicate the source of information for the assessment (i.e. is it based on an existing evaluation or is it the experts' own assessment?).
Standard hiring subsidy	Hiring subsidy	Unemployed	13400	Private sector: DKK 73per hour for a period of 12 months Public sector: DKK 141per hour for a period of 6months	Permanent	No crowding out of ordinary employment	Government budget. Annual net cost DKK 635 000 000(adjusted for the alternative costs of benefits)	None	The local shop-steward monitors the crowding out of ordinary employees	Number of participants monitored by the National Labour Market Authority	The main conclusion from several evaluations is that the effects of the hiring subsidies largely depends on whether they are applied in the private or public sectors. There is strong evidence that hiring subsidies for private employers lead to positive employment outcomes for participants. However, there is also some evidence that employment with a hiring subsidy in the public sector actually <i>increases</i> the duration of subsequent unemployment. There is also evidence that hiring subsidies in the private sector leads to a more rapid return to stable ordinary employment, while also ensuring a higher salary (Rosholm and Svarer, 2011). The positive outcomes from private sector hiring subsidies are backed up by two recent evaluations (KORA, 2013a; Damvad, 2013). A study by Christensen and Jacobsen found that both the private and public sector hiring subsidies are associated with locking-in effects. For subsidised employment in the private sector, these effects are outweighed by the subsequent effects of improved qualifications, but this is not the case for subsidised employment in the public sector (Christensen and Jacobsen, 2009). In a cost-benefit analysis, where the participants were tracked over a 10-year period using administrative registers, it was shown that hiring subsidies in the private sector led to a significant economic surplus for society as a whole.

											Employment with a hiring subsidy in the public sector also yields a significant surplus, but less so than private sector hiring subsidies (Jespersen et al, 2008). In both cases, this is due to the fact that participants have higher incomes and receive less income transfers after the completion of the programme. In addition to the direct employment effects of hiring subsidies there may also be secondary effects, for instance, in the form of reduced ordinary employment. However, available evidence does not indicate that private and public sector hiring subsidies lead to a displacement of regular jobs (KORA, 2013b, Pons et al, 2010).
Unpaid internships	Hiring subsidy	Unemployed	13 300	Equal to benefits. Duration : 4 weeks for insured and 13 weeks for non-insured	Permanent	No crowding out of ordinary employment	No extra cost for Government budget.	None	The local shop-steward monitors the crowding out of ordinary employees	Number of participants monitored by the National Labour Market Authority	The effects of unpaid internships are not as well evaluated as the effects of hiring subsidies. However, there are indications that internships can lead to positive employment outcomes. These positive outcomes can be partly attributed to relatively short duration of such internships. Therefore, retention effects are small and insignificant, while the overall effects for the unemployed people on these programmes are positive (Rosholm and Svarer, 2011).
Flexi-job	Hiring subsidy	People with disabilities	54200	Calculated on the basis of the productivity of the employee	Permanent	No crowding out of ordinary employment	Government budget. (DKK 720 000 000)	Persons waiting to a flexi-job will receive a benefit equal to 89 % of unemployment benefits		Number of participants monitored by the National Labour Market Authority	No evaluations of the most recent reform of the flexi-jobs scheme have taken place. The number of recipients is stable. The scheme seems effective in keeping a large number of disabled persons in employment, however at a rather high cost to the public budget.
Job-rotation	Hiring subsidy	Unemployed people hired as substitutes for em-	3 500	195 DKK (26 Euro) per hour for private employers, while public employ-	Permanent	Employer must send employed person on training or further education	Government budget. DKK 174 000 000	The measure combines a hiring subsidy with training.	None	Number of participants monitored by the National Labour Market Authority	There has been no nationwide evaluations of the current version of the job-rotation scheme. However, the effect can probably be compared with the effects of other hiring subsidies, where existing evidence suggests positive outcomes in the private sector and less positive effects in the public sector. This does not take into account the effect of the further education that the present employees receive. An analysis of the effects of the job-rotation

		employees on training		ers receive EUR 23 (DKK 173) per hour. Maximum duration is 1 year.							scheme in the Employment Region of Northern Jutland indicated more than three quarters of the substitutes found employment immediately after finishing their job-rotation cycle (COWI, 2012). This is higher than the success rate normally observed after using a hiring subsidy. However, the evaluation does not take into account possible differences in the characteristics of the participants.
Adult apprenticeships	A hiring subsidy for companies that employ an adult over 25 years of age in order to provide them with vocational education	Employed and unemployed aged 25 years and above and entering vocational education	8 000 persons, whereof 2 500 were previously unemployed	DKK 30 per hour for a period of two years.	Permanent	Must pay the apprentice normal wage for unskilled workers	Government budget. DKK 90 000 000	Employer must enter a training agreement with the apprentice	None	Number of participants monitored by the National Labour Market Authority	A recent evaluation of the scheme shows that those insured unemployed people and social assistance recipients who are trained as adult apprentices, have a significantly better chance of finding a job in the first years after graduation compared to unemployed people who have been in normal adult education courses (Deloitte, 2013). After one year, 70 % of participants are in employment, compared to 58 % in the comparable control group. The effects are particularly significant for former recipients of social assistance. The positive outcomes apply to two groups of unemployed people – those who already have a vocational education, and those who are unskilled. The effects are similar across age groups. However, there is a tendency that positive employment outcomes are slightly more likely for older unemployed people. For those participants, who enter the scheme direct from employment, the effects are more mixed. There are no indications that the scheme leads to a significant crowding-out of normal apprenticeships.